



**CUYAHOGA COUNTY
DEPARTMENT OF INTERNAL AUDITING**

TO: Cuyahoga County Sheriff's Office Commissary Department
FROM: Rose Karam, Interim Director, Department of Internal Auditing
DATE: November 4, 2019
RE: Sheriff's Office Commissary Department Follow-Up Review Report

As required by the *International Standards for the Professional Practice of Internal Auditing*, the Department of Internal Auditing (DIA) has completed follow-up procedures on reported issues from the Sheriff's Office Commissary Department Audit Report issued on March 2, 2014. The objective of the follow-up report was to determine with reasonable assurance whether management took effective action on the issues that were presented in the audit report.

RESULTS

There were 38 recommendations in the Sheriff's Office Commissary Department Audit Report of March 2, 2014; 53% of the recommendations were fully implemented or withdrawn. Each recommendation is addressed in the Follow-Up Results section on the following page. The below table is a summary of the recommendations.

Fully Implemented	Partially Implemented	Not Implemented*	Withdrawn
19	8	10	1

*Note- 7 of the 10 Not Implemented recommendations relate to not having a policies and procedures manual. The Commissary Dept. is waiting until the new jail management system is implemented before creating any new policy and procedure manual. This new system is expected to go live by the end of February 2020.

DIA would like to express our appreciation for the cooperation of Interim Sheriff David Schilling Jr., Brian Rice and the Cuyahoga County Sheriff's Office Commissary Department.

Respectfully,

A handwritten signature in black ink that reads "Rose M. Karam".

Rose Karam, CIA, CFE
Interim Director of Internal Auditing

Cc: Audit Committee
Cuyahoga County Council
Bill Mason, Chief of Staff
Michael C. O'Malley, Cuyahoga County Prosecutor

Follow Up Results

Sheriff's Office Commissary Department

Corrective Action Taken

- **Fully Implemented (F)** - The audit issue has been adequately addressed by implementing the original or corrective action.
- **Partially Implemented (P)** - The corrective action has been initiated but not completed.
- **Not Implemented (N)** - The audit issue has not been addressed and management has assumed the risk of not taking corrective action.
- **Withdrawn (W)** - The audit issue no longer exists because of changes in the auditee's operations.

NOTE: Agency responses were extracted and unmodified from the Commissary Department Audit Report issued on March 2, 2014. References to departments, offices, policies, etc. are not consistent with terminology used throughout the rest of this report. The Commissary Department Audit Report can be found on the [Audit Committee's website](#).

<p>Finding (Miscellaneous Noncompliance): The Commissary fund was used to purchase prescription medication for an inmate. In one instance, \$31,089.50 was transferred from the Commissary fund to the Sheriff's Office general fund for the purchase of Jail medical computers, but the money was never used for this purpose. The Commissary fund had a balance that exceeded 30 days' worth of operating costs and a reserve. To pay salaries of Commissary staff, \$325,000 was transferred from the Commissary fund to the Sheriff's Office general fund. This is an allowable expenditure; however, there was no invoice or memo from payroll stating the amount of salary and benefits for Commissary employees. (Pages 1-2 in 2014 Audit Report)</p>					
Recommendation 1	Agency Response to 2014 Audit Report	F	P	N	W
All applicable laws and rules should be followed regarding to the expenditure and account balance of Commissary funds; including ORC 341.25 and all applicable AG Opinions and AOS Bulletins.	<i>Once, in an emergency, Commissary funds were used to purchase inmate medication. We will voucher the Sheriff's General fund to reimburse commissary for this amount.</i>	√			
<p>Update: All items were purchased in compliance with AG Opinions and AOS Bulletins. No prohibited items were purchased.</p>					

Commissary Department Follow-Up Review

Finding (Miscellaneous Noncompliance): Continued					
Recommendation 2	Agency Response to 2014 Audit Report	F	P	N	W
If jail supplies are purchased using Commissary funds, and they exceed the minimum standards for the operation of the jail, it should be documented that minimum standards for jail operations are being exceeded.	<i>Not specifically addressed by Management.</i>		√		
<i>Update: Jail supplies purchased using Commissary funds are necessary for basic operation of the jail. When using Commissary funds for jail expenses that could be considered above minimum standards, there should be some form of support i.e. specifications of items purchased indicating that they exceed minimum standards, comparison to other products showing higher quality, or a brief description how the item or repair will be utilized.</i>					
Recommendation 3	Agency Response to 2014 Audit Report	F	P	N	W
The Commissary fund balance should be reviewed to determine the average monthly operating costs and a plan should be developed to make the necessary adjustments to the excess funds that have accumulated in that fund.	<i>Not addressed by Management.</i>	√			
<i>Update: The fund has been reduced from \$1.1 million to an approximate \$330,000 monthly average.</i>					
Recommendation 4	Agency Response to 2014 Audit Report	F	P	N	W
If the Sheriff's Office elects to pay Commissary employees from the Commissary fund, then an invoice or memo should be obtained from payroll that gives the exact amount of salary and benefits for employees. These funds may then be used to pay the Commissary staff and payroll expenses should be adjusted accordingly.	<i>The \$325,000 that was transferred from Commissary to the Sheriff's General fund was viewed as a reimbursement to the General fund from Commissary to cover the wages and benefits of the Commissary Office and Correctional employees. Moving forward, if the Cuyahoga County Sheriff's Department decides to use Commissary funds for employee wages and benefits from the Commissary account, it will be appropriated accordingly in the Sheriff's General fund and expense adjusted.</i>	√			
<i>Update: Salaries are no longer paid from Commissary funds, although it is allowed.</i>					

Commissary Department Follow-Up Review

Finding (Policy and Procedure Manual): The Commissary Department provided a document with services provided and daily procedures performed. However, the department does not have a formal policy and procedure manual in place. They also lack internal controls and other forms of guidance regarding acceptable practices, conflicts of interest, or ethical and moral behavior. (Page 3 in 2014 Audit Report)					
Recommendations 5-9	Agency Response to 2014 Audit Report	F	P	N	W
<p>DIA recommends the Department develop a policy and procedure manual. Items included in the manual should include:</p> <ul style="list-style-type: none"> • Narratives of daily and monthly operations. • Documentation of accounting and reconciliation procedures. • Record Retention • Procedures for monitoring commissary and inmate trust funds. • Safeguarding procedures for cash and inventory. <p>Once drafted, the Sheriff should approve these procedures.</p>	<p><i>The CCSD is in the process of completely revamping the entire Commissary department’s processes, duties, responsibilities and procedures. This new commissary system will completely automate the Commissary department. This new system should be in place by the fourth quarter of 2015. Once in place, the Commissary Supervisor will work with the Sheriff, the Sheriff’s Special Assistant and the Fiscal Manager to put into place a new policy and procedure manual. This manual will also include all Standard Operating Procedures (SOP), standardized forms, inventory control and all applicable regulations. Some of the items included in the new automated Commissary system will include new inmate phones, in-pod kiosks that will allow inmate’s to electronically place commissary orders, deposit kiosks, video visitation, inmate management system, inventory control software with bar-code scanning capabilities, automated deposits from family and friends and a new accounting system. This new system will entirely change the way Commissary currently operates which is why new policies and procedures will be addressed once implemented.</i></p>			√	
<p>Update: The Commissary has not created an updated policies and procedures manual. A new jail management system (X Jail) has been purchased which will include additional functionality for the Commissary Dept. Since the new system will change how some procedures are performed, the Commissary Dept. has decided to wait until the new system is operational before creating a policy and procedures manual. It is scheduled to be installed and go live in February 2020. The Department of Innovation and Performance will assist with writing the policies and procedures manual for the department.</p>					

Commissary Department Follow-Up Review

<p>Finding (Inventory Control of Items Held for Resale to Inmates): DIA obtained the point-in-time Commissary Product Inventory Summary from the IMACS system and performed a count over selected items. Discrepancies were noted between the inventory sheet and DIA’s physical count. The Inventory Summary also had 19 instances in which the quantity on hand was listed as a fractional value. In addition, DIA obtained the Item Adjustment Reports that are completed when a physical inventory is taken. Discrepancies were noted between the Item Adjustment Reports and DIA’s physical count. Also, the sale price for items is only reviewed if there is an increase in the price from suppliers, but there was no evidence of this review, or a review of the vendors supplying the items sold in Commissary. The Department is not actively pursuing credits from vendors for damaged goods, and security cameras are not present over inventory areas. (Pages 4-5 in 2014 Audit Report)</p>					
Recommendation 10-11	Agency Response to 2014 Audit Report	F	P	N	W
<ul style="list-style-type: none"> A full inventory be taken on at least a monthly basis. If an item is found to be out of balance to the inventory summary then there should be an established dollar threshold that if exceeded would trigger an investigation as to why the item is out of balance. This investigation and its results should be properly documented. 	<p><i>In 2015, Commissary and the receiving dock will have a new inventory control system, complete with bar-code scanners and the ability to reconcile as needed. Commissary has currently made some temporary changes to the inventory control process with a manual reconciliation being performed weekly.</i></p>		√		
<p>Update: While there was some evidence of periodic inventory taken, there was no set time nor formal results of such inventories being maintained. There is no established dollar threshold that would result in an investigation, but if a large quantity of items is out of balance it is investigated to determine if products were entered incorrectly in the system.</p>					
Recommendation 12	Agency Response to 2014 Audit Report	F	P	N	W
The Commissary Supervisor should approve all item adjustments made to inventory.	See response in Recommendations #10-11.	√			
Recommendation 13	Agency Response to 2014 Audit Report	F	P	N	W
After a full inventory has been taken there should be no fractional values listed as inventory on hand.	See response in Recommendations #10-11.				√
<p>Update: There are still fractional values shown on the inventory list. However, this issue is a limitation with the current inventory system that is being replaced. This issue has been withdrawn.</p>					

Commissary Department Follow-Up Review

Finding (Inventory Control of Items Held for Resale to Inmates): Continued					
Recommendation 14	Agency Response to 2014 Audit Report	F	P	N	W
Corrections Officers that monitor the trustee inmates' packing of the orders that are delivered to inmates should randomly check to ensure orders are being correctly filled.	See response in Recommendations #10-11.		√		
<i>Update: The Corrections Officers are present when orders are being filled. They do not do any random checks to see if what was packed matched the order form. When the order is delivered, the inmate signs that what was received matches the order. This documentation is maintained. A signature line for the CO will be added.</i>					
Recommendation 15-16	Agency Response to 2014 Audit Report	F	P	N	W
<ul style="list-style-type: none"> Significant amounts of goods deemed to be damaged or spoiled should be further investigated. If there are damaged goods in an order the Commissary Department should seek to get a refund or a credit on future purchases. 	See response in Recommendations #10-11.		√		
Recommendation 17-18	Agency Response to 2014 Audit Report	F	P	N	W
<ul style="list-style-type: none"> Item Sale prices for items should be reviewed at least annually. The review should include criteria for setting prices, such as markup on similar items (i.e. candy, cookies, drinks) or comparison to other jail commissaries with similar characteristics (i.e. geographic, demographic, and jail size). There should be a vendor review annually for the items sold in Commissary and include requesting quotes from various vendors for items to ensure the lowest prices are being obtained. 	See response in Recommendations #10-11.		√		
<i>Update: Sale prices are reviewed on an annual basis and set by the Commissary Supervisor. Since items for sale change frequently, vendors are informally reviewed; they are not under contract.</i>					

Commissary Department Follow-Up Review

Finding (Distribution of Free Commissary Goods): DIA noted insufficient control over the distribution of free commissary goods during our walkthrough and test of inventory shortages. Although the Commissary keeps a record of packages given to indigent inmates, there is no record of free goods given to inmate trustees. (Page 6 in 2014 Audit Report)					
Recommendation 19	Agency Response to 2014 Audit Report	F	P	N	W
The distribution of free goods to inmates should only be done in accordance with procedures and guidelines that have been put in place. Exceptions to the policy should only be made with written approval from designated, authorized employees.	<i>Management did not address this comment.</i>	√			
Update: <i>While there is still no written policy regarding this, there is typically nothing distributed to the inmate trustees. The only items that may be distributed are damaged goods that are still safe to consume.</i>					

Finding (Cash and Physical Security): During the walk-throughs of cash collection processes and physical security of the Department, we noted cash was properly placed in the safe; however, the safe was not securely locked. Also, the combination to the safe had not been recently (if ever) changed. We also noticed no cameras in the inventory storage room or the office in which cash is counted. (Page 7 in 2014 Audit Report)					
Recommendation 20-21	Agency Response to 2014 Audit Report	F	P	N	W
<ul style="list-style-type: none"> Safe combinations should be changed at least yearly or when an employee leaves the department or division. The safe should also be locked when money is placed inside. 	<i>The CCSD is in the process of completely revamping the entire Commissary department's processes, duties, responsibilities and procedures. However, in the meantime, Commissary has implemented the recommendations made by Internal Audit.</i>	√			
Recommendation 22	Agency Response to 2014 Audit Report	F	P	N	W
A security assessment should be completed for areas in which cash and inventory is being handled to see if security cameras can be installed.	<i>We are currently researching the need for cameras in certain areas of Commissary.</i>	√			
Update: <i>Security cameras have been installed in the inventory P-1 area. Cameras have been approved for the office, and drawings from Public Works for the installation have been created. Commissary is just waiting for Public Works to install.</i>					

Commissary Department Follow-Up Review

<p>Finding (Cash Overages and Shortages): DIA noted instances where the money counted by the Commissary staff did not match what was on the kiosk report, and there was no consistent form of supporting documentation. In six of the ten days tested, the Commissary Supervisor's spreadsheet showed reported overages that were not shown as overages on the daily Cash Flow Log. The Department does not have a Policy and Procedures Manual that gives guidance on what to do with unexplained cash overages or shortages and what documentation should be created and kept for those variances. (Page 8 in 2014 Audit Report)</p>							
<p>Recommendation 23</p>		<p>Agency Response to 2014 Audit Report</p>		<p>F</p>	<p>P</p>	<p>N</p>	<p>W</p>
<p>DIA recommends the Department deposit all money that is received for the day from the booking office and the visitation kiosk into the Inmate Trust Fund account. Money that is unexplained at the time of collection should be deposited and later posted to the proper inmate account as it becomes evident to whom the money belongs.</p>		<p><i>CCSD is in the process of completely revamping the entire Commissary department's processes, duties, responsibilities and procedures.</i></p>				<p>√</p>	
<p>Update: Money that is unexplained at the time of deposit is kept in the safe until either someone contacts the office to claim the money or until a long enough period has passed and the money is deposited into the Commissary fund. The usual time for holding cash is two weeks. When DIA viewed the safe there was \$83 inside that had been held from 12-45 days.</p>							
<p>Recommendation 24</p>		<p>Agency Response to 2014 Audit Report</p>		<p>F</p>	<p>P</p>	<p>N</p>	<p>W</p>
<p>Any difference between the actual cash count and reports of money received should be noted on the daily Cash Flow Log.</p>		<p><i>Management did not address this comment specifically but has complied.</i></p>		<p>√</p>			
<p>Recommendation 25</p>		<p>Agency Response to 2014 Audit Report</p>		<p>F</p>	<p>P</p>	<p>N</p>	<p>W</p>
<p>The Department should develop a policy that addresses a consistent form of documentation to be created and maintained when an overage or shortage is discovered, the overage or shortage reason, and when it is deposited into the Commissary bank account.</p>		<p><i>Please refer to the response provided in the first internal control finding as the CCSD is in the process of completely revamping the entire Commissary department's processes, duties, responsibilities and procedures. However, in the meantime, Commissary has implemented the recommendations made by Internal Audit.</i></p>			<p>√</p>		
<p>Update: While overages and shortages were noted on the daily Cash Flow Log, there was no set length of time that overages were kept before deposit into Commissary fund.</p>							

Commissary Department Follow-Up Review

<p>Finding (Voids): Twenty voided checks were tested for supporting documentation, a reason noted as to why the void was necessary, and verification the voided check did not clear the bank. The following was noted: 7 of the 20 (35%) voided checks did not have supporting documentation associated with them; and 7 of the 13 (54%) voided checks which had support, did not have a reason noted why the void was necessary. The Department does not have a written policy that addresses what supporting documentation is to be kept for voids or require a reason why the void was necessary. (Page 9 in 2014 Audit Report)</p>					
Recommendation 26	Agency Response to 2014 Audit Report	F	P	N	W
Supporting documentation should be maintained for all voids made by the Department. This may include the voided check itself. If the check is not available, as support, a log should be maintained that states why the check was not maintained for support. A reason should always be stated.	<i>Management did not specifically address this.</i>		v		
<p>Update: <i>The Commissary Dept. keeps the voided check as support whenever possible; a reason is not usually recorded for the void.</i></p>					
Recommendation 27	Agency Response to 2014 Audit Report	F	P	N	W
Approval by an immediate supervisor should be evident on voided checks. The Department should analyze the need for voids and look for ways to improve processes to reduce the number of voids that are occurring.	<i>See response in Recommendation #26.</i>			v	
<p>Update: <i>Voids do not require any sort of supervisor approval. Most voids are for either a check that has passed its live/expiration date or a check was sent to another institution and the individual had already left the institution.</i></p>					

Commissary Department Follow-Up Review

<p>Finding (Expenditure Processing): DIA tested 61 Commissary disbursements and noted the following: five transactions did not have an invoice or receipt of goods maintained with the payment; six transactions did not have a signature or stamp indicating the purchased item was received by responsible parties; and 39 transactions did not include a signature or email noting who approved the expenditure. Also, 20 televisions were purchased from Best Buy with neither an accompanying invoice, receipt, or contract, nor proof a responsible party received the televisions. Lastly, during review of the QuickBooks report, we noted the department does not include a detailed description of each transaction. (Page 10 in 2014 Audit Report)</p>					
Recommendations 28-30	Agency Response to 2014 Audit Report	F	P	N	W
<p>Commissary should keep detailed files on items they receive that include at least the following:</p> <ul style="list-style-type: none"> • Item description, including quantities, serial numbers, or order numbers • Date item received • Location of item <p>The type of documentation and approval necessary to initiate the purchase of goods should be noted. Invoices and documentation showing receipt of goods should be required for all Commissary payments.</p>	<p><i>The CCSD is in the process of completely revamping the entire Commissary department's processes, duties, responsibilities and procedures. In 2015, Commissary and the receiving dock will have a new inventory control system, complete with bar-code scanners and the ability to reconcile as needed. Commissary has currently made some temporary changes to the inventory control process with a manual reconciliation being performed weekly.</i></p>	√			
<p>Update- All DIA tested expenditures had invoices present. While not all tested transactions had a signature of someone approving the transaction or a signature indicating that the item was received, DIA deemed that the majority of expenditures did and Commissary Dept. is aware of who is allowed to approve expenditures.</p>					
Recommendation 31	Agency Response to 2014 Audit Report	F	P	N	W
<p>Detailed descriptions should be noted for every transaction in QuickBooks.</p>	<p><i>See response in Recommendations #28-30.</i></p>			√	
<p>Update: The only description within QuickBooks for the item is usually the invoice number.</p>					
Recommendation 32	Agency Response to 2014 Audit Report	F	P	N	W
<p>Employee pick-up of goods should only be done in an emergency and with supervisory approval.</p>	<p><i>See response in Recommendation #28-30.</i></p>	√			

Commissary Department Follow-Up Review

Finding (Verification on Inmate Release Checks): During our walkthrough of this process, DIA noted no supporting documentation (i.e. fingerprint scan, photo identification) is maintained on the inmate verification. (Page 11 in 2014 Audit Report)					
Recommendation 33	Agency Response to 2014 Audit Report	F	P	N	W
The Commissary Department should develop formal procedures for releasing Commissary funds to inmates. We recommend Commissary personnel maintain supporting documentation when verifying individuals before funds are released. Specifically, maintaining driver's license identification with a signature from the individual. If an individual is receiving the funds on behalf of the inmate, a power of attorney should be requested and maintained.	<i>The CCSD is in the process of completely revamping the entire Commissary department's processes, duties, responsibilities and procedures. This does involve a new accounting system that will include an inmate release debit card. However, in the meantime, Commissary has noted the recommendations made by Internal Audit and is making some temporary changes until the new automated system is in place.</i>	√			
Update: While 1 of 31 tested release checks did not have full support maintained, DIA deemed that there was enough improvement in terms of support maintained to consider the recommendation fully implemented.					

Finding (Inactive Inmate Account Balances): DIA obtained an "Inactive Inmate Account Balance" report from IMACS. There are no formal written procedures accounting for these balances over an extended time. (Page 12 in 2014 Audit Report)					
Recommendations 34-35	Agency Response to 2014 Audit Report	F	P	N	W
<ul style="list-style-type: none"> The Commissary Department should develop a policy on inactive inmate account balances to include transferring inactive inmate account balances to the Treasurer's Office after a predetermined inactive time, i.e. 2 years and treated as unclaimed funds according to Ohio Revised Code 9.39. This policy should also address negative balances and consider writing off inactive negative balances after an approved amount of time. 	<i>The Sheriff's Office agrees and will include this procedure in a policy and procedure manual. Commissary will begin to establish a cut-off date and send inactive inmate account balances to the Treasurer's Office to be treated as unclaimed funds.</i>			√	
Update: There have not been any changes to inactive commissary balances since the audit. The inactive balance has increased by \$116,208.62 and individuals who had inactive balances during the audit were still showing as inactive with the same balances. Negative balances are still indicated.					

Commissary Department Follow-Up Review

Finding (Automated System for Commissary Orders): During a walkthrough of the order filling process DIA noted the Department is not able to efficiently scan orders into IMACS. (Page 13 in 2014 Audit Report)					
Recommendation 36	Agency Response to 2014 Audit Report	F	P	N	W
DIA recommends the Department research how order sheets can be electronically scanned into the IMACS system, so a packing slip can be automatically printed, and the money removed from the inmates' account. This may include purchasing better scanning technology or redesigning the current order sheet. If possible, the Department should research other ways of automating the Commissary order process through telecommunication or computer technology within the jail.	<i>Some of the items in the new automated Commissary system will include new inmate phones, in-pod kiosks that will allow inmates to electronically place commissary orders, deposit kiosks, video visitation, inmate management system, inventory control software with bar-code scanning capabilities, automated deposits from family and friends and a new accounting system.</i>		√		
Update: The system being used for inmate orders is the same as was previously used during the audit. There is a new jail system coming in Feb.2020 that will include more automation for the Commissary Dept. and should do away with current sheet ordering.					

Finding (Privacy Controls): During walkthroughs of the Commissary Department we noted the computer terminal in the outer office of the Department was positioned in a way that members of the public could view the private information on the screen. The Sheriff's Office does not have policies and procedures that address how to protect personal information for all departments. (Page 13-14 in 2014 Audit Report)					
Recommendation 37	Agency Response to 2014 Audit Report	F	P	N	W
We recommend the Commissary Department develop internal policies that address how confidential information is to be protected from the general public.	<i>CCSD will begin working on a new policies and procedures manual once the entire new system is implemented and working. The observations made by Internal Audit were noted and addressed immediately.</i>	√			

Commissary Department Follow-Up Review

Finding (Job Descriptions): The Commissary Department does not have formal job descriptions approved by the Sheriff or by Human Resources. (Page 14 in 2014 Audit Report)					
Recommendation 38	Agency Response to 2014 Audit Report	F	P	N	W
DIA recommends the Department create formal job descriptions. Once they are drafted, they should be approved by the Sheriff and sent to Human Resources. The job descriptions should list the functions and requirements of the job to give the employee a clear understanding of the tasks they will be asked to perform to achieve the department's goals and objectives in support of their mission.	<i>The classification specification for the Commissary Clerk position was recently reviewed and revised by the Archer Company during the fall of 2014. These revisions were the result of CPQ's the CWA Local 4340 membership completed per the terms of their CBA. The classification specifications are designed to be a broad description and encompass the general duties of the various jobs within the description. The new policies and procedures will address the specific duties expected of these Commissary Clerks.</i>		√		
Update: <i>The Commissary staff is aware of their daily duties. They are also under the umbrella of the CWA collective bargaining agreement. There are some procedures written that describe main daily functions. However, there have not been any policies and procedures formally created which would include job descriptions.</i>					